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## Recent Progress of Political Economy in the United States.<sup>1</sup>

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On this our third general meeting it seems appropriate to congratulate the Association, not more upon the results achieved through our union and coöperation in economic effort, than upon the position of advantage and of influence which the Association at present occupies.

Since its organization, in 1885, the society has steadily grown in numbers; the spirit of association has become more active among us; a cordial recognition has greeted our early efforts, both at home and abroad; branches have been established in several cities, which have thus become new centres of economic activity; the publications of the society, now comprising three volumes, have embraced many valuable contributions to knowledge, have steadily increased in the range of their subject matter and improved in the originality and validity of treatment.

It may be said that the first stage of our history, as an Association, has passed. Not merely has the question of the usefulness of the society been affirmatively settled by the work done and by the reception accorded our efforts; but a certain palpable change has come over ourselves, as a body.

Originally there was exhibited in our gatherings a certain attitude of antagonism. Whether due to our

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<sup>1</sup>The opening exercises were not held at the first session of the Association, but this annual address which formed a part of them is here put in its natural order.

own aggressiveness, as some of our early critics declared, or assumed by us in proper defense and self-assertion against a tone and a spirit in the reviews and the accepted organs of economic orthodoxy, which would have denied us any place to work in the field of economics, it certainly, at the outset, existed.

This has wholly disappeared, partly, perhaps, because of the modifications of our own attitude towards others, though not through any change in our economic position, but chiefly because of a steady movement of economic thought in the very direction which was pointed out in our first articles of union. To this movement we may fairly claim to have contributed, though by far the greater part of it originated in forces which we did not set in motion; which began and had proceeded far before our association took place.

Partly by what we have done and even more by what has been done for us; partly through a wise and conciliatory attitude adopted towards others, and even more through the change wrought by the general movement I have spoken of in the attitude of others towards the objects we profess, it has come about that, whereas we were looked upon at Saratoga, in 1885, as an economic sect, we now embrace nearly all the active economic workers of the United States.

What is that general economic movement which has done so much more for us than we have done for ourselves; which has had so much greater effect in altering the relations of the Association to the economists of the country, than any actual change in our organization or methods, or in our avowed objects?

This recent movement, as it is witnessed in the United States, is, in part, only our share of a move-

ment which has, during the same period, been going on in all countries in which men think and write on economic themes; in perhaps greater part, it is the deferred effect of causes which have been operating for many years abroad, but which, from our lack of vital communication with the economic thinkers of Europe, have come to make their full impression upon us only after long delay.

The relation of American to European economists during the period which preceded the past ten or fifteen years, was not one that was likely to be productive of great results. We had a right, in the United States, to do much for political economy. In a new country, where tradition and prescription passed for little; where land was abundant and settlement was still in progress; where no deep lines had been drawn to prevent the freest social and commercial movement, the American economists enjoyed a royal opportunity for studying industrial forces in their highest purity and simplicity. But, unfortunately for economic science, those who, in this country, gave their lives to these studies, became divided early and decisively on the issue, largely a false issue, between so-called protection and free-trade. Ethical and political considerations were held to require that an economist should, first of all, range himself as a protectionist or as a free trader, which was much as if it were to be demanded that a citizen should be altogether a peace man, in the sense of opposing war for any cause, under any circumstances; or altogether a war man, in the sense of seeking to multiply and to magnify the occasions of international dispute.

Our economists, thus unhappily divided on an issue which I have ventured to call a false issue, enter-

tained little respect for any of the opposing faction; took small pains to study each others' works, except to find ground for controversy; and, in their resort to the teachings of European economists, confined their attention almost exclusively to those from whom they could expect corroboration of their own views.

The protectionists, giving but a slight, hasty, and prejudiced consideration to the English economists, sought comfort and support from the German masters, having, however, a very inadequate conception of the German historical and statistical method, and little sympathy with the profound, sincere, passionless spirit of German research.

The free traders, on the other hand, openly condemning German economists as vague and visionary, unsubstantial and illogical, resorted more and more for argument and illustration to the English writers, neglecting, in the earnestness of their partizanship, not only the vast practical modifications of the doctrine of *Laissez-Faire* which British statesmen were, not slowly or timidly, introducing into their governmental scheme, but even the expressed qualifications and provisos with which the highest exponents of English economic thought set forth doctrines which were brought over to America in their crudest and strongest forms. Our free-trade writers, with Chinese fidelity, even copied the palpable defects of English economists, as when they adopted into their system the doctrine of the Wages-Fund, which was purely an outgrowth of peculiar and insular conditions in England, and which was flatly contradicted by the commonest facts of daily experience among us.

This unscientific and unscholarly attitude of the two schools in America continued long after a *rap-*

*prochement* began between the English and the German economists themselves, aided greatly, I venture to suggest, by the remarkable sagacity and fidelity with which the French writers received, interpreted and expressed the real thought of both. That movement towards, if not the consent, at least the cöoperation of European economists, has rapidly gone forward, to the inexpressible advantage of political economy. I do not mean to say that there has been such an approach of the German and the English economists towards each other that the two bodies have in any sense lost their distinctive characters; nor do I regard such a result as desirable. It is well that there should be a national flavor to the economic thought of each country; that national predilections, industrial peculiarities, habits of thinking, modes of living, should influence, and, more or less, mould its economic investigation and speculation.

But while the German economists remain truly German, and the English economists preserve their individuality, each body has, in these late years, drawn largely from the other; and in general, has taken the best. The German economics have become more practical and more responsible, more systematic and more highly integrated. The English economists have, more and more, incorporated into the premises of their reasoning the results of biological and historical research.

But this *rapprochement* of the European economists for a long while had little apparent effect upon the attitude of the two economic sects in America. It was not until about the time of the organization of this society that any decided tendency appeared towards the concert and cöoperation of our eco-

nomists, without regard to the lines which had previously kept them apart, or to the wide differences of opinion on many points which still exist.

The purpose of the society founded at Saratoga, in 1885, was to promote economic research and investigation. That purpose was, in part, overlaid by certain declarations and statements which were not needful, and which proved embarrassing. But the real object of the Association was so manifest that many economic workers at once joined in the movement, in spite of objections which they reasonably entertained; while every succeeding session has witnessed welcome accessions to our ranks, until to-day the membership of the society fully justifies its title, the American Economic Association.

That indifference, distrust, antagonism, have so largely disappeared, is not mainly due to any positive work which the society has done, in this short interval, or to the wholesome influence of this first effort in securing union and cöoperation among the economists of our country. That effect has, in greater measure, been the result of the rapid accomplishment here of work long preparing throughout the economic world generally; in part, also, to a mighty forward movement which has everywhere been taking place, during the last few years, by which it has come about that, while differences of opinion among economists are as great, if not indeed, in some respects, greater than ever before [notably, in the matter of the degree of state action which should be invoked], the difficulties formerly withstanding economic cöoperation have melted out of view. The economist is now known to all as an economist, on whichever

side of the Atlantic Ocean or of the British Channel he may live, or whatever views he may hold as to free trade or protection. So great has been the change in this respect that there are few so bigoted as to wish to retard the movement towards union in economic work.

Such a result does not imply indifference, for it is accompanied by a zealously of effort, an earnestness of purpose, never before exhibited, and by undiminished positiveness of conviction as to individual views.

The several successive stages in the economic movement, the world over, which has brought about the Communion of Economists, have been marked by the disappearance of one after another of certain ideas and feelings which had long withstood such a result. In this progress we had, first, the emancipation of political economy from the persistent influence of natural theology. The assumption of a beneficent order of things, originally established in a golden age, departure from which is the sole cause of all evils, past and present, and which only needs to be returned to in order to secure general happiness and universal well-being, made its appearance in the first beginnings of economic thought, and has clung around political economy ever since, impeding its progress and often perverting its course.

If one wishes to trace the influence of this cause, he has only to note the use of the word "natural" in the writings of the English and the American economists, from Adam Smith down to a recent time. To prove that a certain arrangement or procedure was the natural one, has generally been considered as establishing the expediency of that arrangement



or procedure. Indeed, the tone in which this argument has been used shows that it was not regarded as admitting a reply.

I have no quarrel with natural theology; but I do assert the right of political economy to be entirely independent of it. If the established order of things be really beneficent, any social arrangement which can be shown to be natural can be shown, by an adequate induction from the observed facts of its operation, to be conducive to human happiness. If that can be shown, it is enough for the statesman or the economist. What need have we of further witness? On the other hand, those who do not believe in a golden age; who believe that mankind were once naked, hairy savages, living in caves and forests, subsisting on wild fruits or raw flesh, the latter, often, of their own kind, using stone implements, and, for uncounted generations, ignorant even of the use of fire, have the right to protest against the employment of this argument; and to demand that any social arrangement, any procedure, any institution, which is claimed to be for good shall be proven to be such by evidence which they can accept.

It would not do to take the time that would be necessary to show, by adequate citation, how extensive has been the perversion of economic inquiry, caused by the subjection of political economy to the supposed claims of natural theology, especially in the United States, where the two chairs were often united, as of old, in Adam Smith's case. Nor is this necessary. The matter is now one of historical interest only. The temper of self-assertion, proper to the teachers of any subject, has been re-enforced by the "spirit of the age," to the point of finally free-

ing political economy from this subjection to an alien authority. Not only is it fully recognized that "right divine" has no more to do with economics than with politics; that men should inquire what is best for them, in matters of industry equally as in matters of government, without any presumption from arrangements supposed to have been made for them; but the subserviency of temper which, for longer or shorter times, always survives the breaking of the bands of authority, has wholly disappeared. Economics have become as completely freed from the trammels of "natural theology," as has geology from the restraints of "revealed religion," investigators in either department of inquiry owning no other obligation than that of declaring the truth as they discern it.

The genesis of the doctrine of *Laissez-Faire*, as expressing a principle to which is attributed universal applicability and unqualified validity, might be variously accounted for. It would seem, on the first thought, to be the child of economic thinking, under conception from the theory of a beneficent order of creation. Yet, as Professor Sidgwick has intimated, this doctrine might as logically be derived from a purely pessimistic as from a highly optimistic view of nature, one economist concluding that nothing needs to be done but to open and smooth the way to a return to the natural order, because he believes that natural order to be wholly beneficent, while another economist should reach the conclusion that there is no use in trying to do anything to improve upon the actual situation, because he believes the arrangements of the universe to be hopelessly adverse and malignant.

As a matter of history, I believe that the doctrine in question had its origin in the conception of nature as providing all the conditions for the most harmonious and fortunate development of industrial society through the spontaneous action of individuals, each seeking his own interest, upon his own initiative. The wide acceptance of this doctrine, thus conceived, was greatly promoted by the fact that the economists of the first half of the century paid their attention so largely to questions of money, trade and finance. The discussion preceding the repeal of the Corn Laws gave rise to the vehement assertion of the universal validity of this doctrine on one side of that great controversy, while, the triumph of the free corn party, and the unquestionably fortunate result of the reform then effected, added immensely to the prestige of that principle in every succeeding issue.

Yet, while *Laissez-Faire* was asserted, in great breadth, in England, the writers for the reviews exaggerating the utterances of the professors in the universities, that doctrine was carefully qualified by some economists, and was by none held with such strictness as was given to it in the United States. Here it was not made the test of economic orthodoxy, merely. It was used to decide whether a man were an economist at all. I don't think that I exaggerate when I say that, among those who deemed themselves the guardians of the true faith, it was considered far better that a man should know nothing about economic literature, and have no interest whatever in the subject, than that, with any amount of learning and any degree of honest purpose, he should have adopted views varying from the standard that was set up.

Such intolerance was not necessarily due to bigotry. It was, the rather, involved in the very nature of the *Laissez-Faire* doctrine. If that was true, there was no reason why an economist should have any professional communion or intercourse with an outsider. No good could come of it; but only a possible weakening of faith on the part of disciples and a certain encouragement to heresy.

But the abandonment of *Laissez-Faire*, as a principle of universal application, however strongly individuals may still maintain it as a general rule of conduct, at once makes communion and coöperation, not merely possible, but desirable among economists. When it is confessed that exceptions, not few or small, are to be admitted, every thinking man has a part to take in the discussion; every interested and intelligent person becomes a possible contributor; every class of men, whether divided from others by social or by industrial lines, have something to say on this subject, which no other class can say for them, and which no other class can afford not to hear from them. The characteristic institutions of every nation, the experiences of every distinct community not only become pertinent to the subject, but constitute a proper part of the evidence which is to be gathered, sifted and weighed.

How could it be otherwise than that the throwing open of this door should at once heighten the popular interest in political economy, increase the number of its students, and intensify the instinct of union and coöperation? The barrier which *Laissez-Faire* interposed to economic investigation and speculation once removed, political economy ceases to be a finished work, which might have been the product of

one mind alone, and, indeed, by it struck off at a heat; which might just as well have been done before the invention of letters as at any later date, granted only a man with a special interest in the subject and a special aptitude for that sort of reasoning, a sort of Pre-Cadmic Ricardo; which might just as well have been done on an island with a thousand inhabitants, wholly isolated from the rest of mankind, as done at the centre of the world's activities and in contemplation of all that is going on in either hemisphere, on every continent; which might just as well be done among a tribe fresh created by divine power, without a year's history behind them, as done in the ripeness of time and the fulness of knowledge.

That barrier removed, political economy becomes something which never is, but is always to be, done; growing with the growing knowledge of the race, changing, as man, its subject-matter, changes; something which, in the nature of the case, must be the work, not of one mind but of many; something to which every man in his place may contribute, to which all classes and races of men must contribute, if the full truth is to be discovered; something to which every clime and every age bring gifts all their own; something to which the history of institutions, the course of invention, the story of human experience are not pertinent only but essential.

In such a work who would not wish to join? In such a work who would not welcome every faithful and honest helper? With such a field expanding before us, what wonder that the feeling of fellowship arises; that the instinct of association, the purpose of coöperation, draws us together in a union which is none the less close and intimate because of

wide divergency of views on many points! We are all laborers together, engaged upon a task of limitless consequence to our kind. The blunders, the misconceptions of any truthful man will hinder the progress of the work less than his honest, hearty interest in the work will help it on. The blunders, the misconceptions will be corrected by others, never fear! The loyal purpose of any man is a positive force on the side of truth, which is above price.

† In whatever has been said regarding the doctrine of *Laissez-Faire*, I desire not to be misunderstood. I am, with all my heart, a believer in the virtue of freedom, in the power of individual effort. While it seems to me that the doctrine which we regard as peculiarly characteristic of English Political Economy, has, from the lack of proper qualifications and adaptations on the part of the economists of that country, and, still more so, through the arbitrary and wholesale construction given to it, as imported into American thought, wrought a great deal of mischief, I yet accept that doctrine as containing a practical rule of conduct of wide range and high validity; a rule to which exception should be made only upon clear grounds of urgent public interest. I believe that a heavy burden of proof rests upon every proposal to limit or hamper the free action of individuals. I believe that the exceptions to the rule of absolute unqualified freedom should, like the exceptions to the old Mosaic law, be admitted, for the time and for the place, solely by reason of the hardness of men's hearts and the blindness of men's eyes; that law should be ever a schoolmaster, leading us to a larger capacity for self-government and self-direction; that the face of mankind should steadily

be turned towards the light of perfect liberty, as the state which hath the promise of that which now is, and, still more, of that which is to come.

Craving your pardon for this personal episode, I will, with your indulgence, resume the story of the great march which political economy has made in these later days.

The first powerful influence which was given to these studies, after the substantial completion of formal [or abstract] political economy, through the labors of Adam Smith, Malthus, Ricardo, and the elder and younger Mill, came through the passionate demands of the working classes and the social reformers, during that period of rapid and violent fermentation which we know as the Second French Revolution, compelling the reopening of the question of the distribution of wealth, which, in turn, compelled a re-examination of the postulates of the old political economy regarding the economic man.

For the purposes of the reasoning of Ricardo, the elder Mill, and even the younger Mill, in his essays on "Some Unsettled Questions," a purely artificial being, an economic marionette, constituted simply to exhibit the action of certain forces in production and exchange, amply sufficed. That these figures were highly simple bodies of a single pure substance, without inconvenient affections and attractions, destitute alike of sympathies, apathies and antipathies, purely abstract and not at all of flesh and blood, was wholly of advantage for the part they were to perform; and no one can sufficiently admire the masterly power and skill with which the English reasoners of those days marshalled these puppets and exhibited, through their evolutions, the normal operations of production and exchange.

But the demand for a thorough treatment of the questions of distribution, in all their bearings upon human welfare, required that men should be contemplated no longer as mere agents of production and participants in exchange; that human nature should be profoundly studied, not so much in its capacity for action, as in its reciprocity, its susceptibility, its liability to deep and lasting injury. The verbs which the economist was to conjugate were no longer only those which mean "to do," but also, those which signify "to be" and "to suffer." The marionettes of Ricardo ceased to answer all the uses of economic reasoning. Real men were to be taken, in all their strength, but with all their weaknesses; with their passions and affections, their infirmities and their aspirations, as in life.

Such was the demand of the new political economy. Against the indifference or the resistance of the schools and the reviews, against contumely and proscription, this re-examination of the postulates of the Ricardians went on, hindered at every point because any outcome for good seemed cut off by the universal negative of the accepted doctrine to which we apply the term, *laissez-faire*, until about twenty years ago a mighty force entered, vastly to quicken and strengthen the economic movement.

Whether the time had so fully come for the announcement of the great law of Natural Selection, through the survival of the fittest, in the unceasing struggle for existence, that the discovery must have been made, even though one or two mighty prophets had not arisen in the world of thought, this is not the place to discuss. Certain it is that the discovery of this pregnant principle has already wrought as



momentous and far-reaching effects in the study of economics as in the investigation of early institutions and of primitive societies. Yet we have gathered only the first fruits of this marvelous tree of knowledge which stands in the middle of the garden. Who can ever forget the thoughts that crowded his mind when first he apprehended the significance of that mighty law?

Then felt I like some watcher of the skies  
When a new planet swims into his ken;  
Or, like stout Cortez, when with eagle eyes  
He stared at the Pacific, and all his men,  
Gazed at each other with a wild surmise,  
Silent, upon a peak in Darien.

But while thus the public interest in political economy was vastly increased by the opening of the whole field of human nature as the subject of its inquiries; and while that interest was greatly intensified by the discovery of this new instrument of scientific investigation, the law of natural selection, another and an even more powerful force was entering to swell the flood which should not only sweep away the barriers a series of false assumptions had interposed against social progress, both economic and political, but which should bring political economy to be the one great subject of human interest, the theme of study and of dispute among all classes, high and low, in all countries where thought is free and men aspire.

At the very time when, under the impulse I have sought to indicate, the political economists set themselves to investigate, with pains and care and fidelity, that human nature which, up to that time, they had been content to express by a brief and simple for-

mula, lo! that nature itself began to undergo a profound and pervasive change on its economic side; a change so sweeping and far-reaching that it has come about that the men of certain countries, those of which we know most and with which we have most to do, have, for the purposes of economic reasoning, become, as it were, in the phrase of Burke, a different species of animal.

The doctrine, in politics, of the guardianship of the lower by the upper classes had its perfect counterpart in the economic doctrine that the employing class are the natural trustees of the laboring class.

The aristocratic politics of the last century declared that it did not matter how much power was entrusted to the privileged classes, since the interests of all, rich and poor, high and low, were so bound up together that no class could suffer and others not suffer with it; and, consequently, that the class most intelligent, most apt for government, having the greatest leisure for public affairs, with, moreover, the largest stake in the community, might advantageously be trusted to make and execute all laws, their own interests inhibiting them from any course of action prejudicial to the lower classes, who might, therefore, safely submit to rule, in the happy assurance that they could not be in any way injured or oppressed.

Closely analogous to this was the argument by which, in what I would, without offense, call the aristocratic economics of the early part of the century, it was sought to be shown that it was not important, or, indeed, desirable, that the laboring class should take any active part in the distribution of wealth; should feel any responsibility for asserting and maintaining their own interests in that distribu-

tion. It was gravely and elaborately argued that all classes of producers were so intimately bound up together that no one could be made to suffer but all should straightway suffer with it; that, therefore, the employing class, alert, intelligent, constantly informed as to the state of trade, with, moreover, the largest stake in the result, could safely be left to determine the proper wages of their workmen, their own interests requiring them to pay the most that could, in the condition of the market, possibly be paid. Nay, the security which the laboring class enjoyed, under the régime of aristocratic economics, was, in one respect, superior to that which the lower classes enjoyed under the régime of aristocratic politics. In the field of government, the security against wrong was found only in the retribution suffered by the ruling classes, a retribution in which the humbler members of society must also share; but, in the field of industry, an additional security to the laboring classes was derived from the fact that any undue profits which their employers might, for a time, realize, through unjustly beating down wages, would become, of necessity, a new demand for labor, resulting in wages proportionately advanced; and thus the wrong would be automatically and surely righted.

It is only fifteen years since propositions to the foregoing effect were deliberately and emphatically re-stated by eminent writers on both sides of the Atlantic.

What was it which banished aristocratic politics, not merely from political philosophy but from the constitutions of Europe, so that, to-day, there is not, besides Russia, a nation which has not, in the language of Thucydides, "taken its citizens into part-

nership ;” not a nation in which the once despised and downtrodden masses are not the arbiters of ministries, the promoters of reform, the defenders, for themselves, of their own rights and interests? Was it a change of opinion on the part of the philosophers, or a change of heart on the part of those who had exercised privilege and power? Not at all. The false opinions, in many cases, survived the constitutions in which they had been incorporated ; and no class ever, wholly of their own choice, surrendered privilege and power. It was the rising of the people, repudiating the doctrine of a guardianship over them, rebelling against abuses, demanding their rights, effecting reforms by just so much of threats and force as the resistance of the ruling classes made it necessary to use.

What was it which so recently caused the downfall of the economic theory of the Trusteeship of Capital : a downfall so complete that to-day any man would be simply laughed at in a convention of economists were he to announce the doctrine of the economic indifference of the rate of profits, which so able a thinker as Professor Cairnes could calmly re-state but fifteen years ago? Has the result been due to sounder professional thinking? Again, no. Again, it is true that the change in opinion followed, and followed somewhat late, upon changed conditions. Again, it was the uprising of the classes to whom economic reasoning had assigned the position of wards but who, under impulses new to this age, came forward to allege their competency to manage their own affairs and conserve their own interests. The working classes had “come of age,” and called their late guardians to render an account of their stewardship.

Little blame is to be charged upon those who, two centuries or a century ago, held to the doctrine of the guardianship of the upper classes over the lower. The constituencies which would have alone have made a peaceful and well-ordered democracy possible, then existed in few of the countries of the world.

Little blame is to be charged upon the economists who, a century or a half a century ago, held to the doctrine of the Trusteeship of Capital. The bodies of workmen who should assert their interests in a close and searching competition with the employing class, intelligently, temperately, firmly, without danger to industrial peace and even to the social order, then existed in but few communities, if any, outside our own favored land.

Almost universally illiterate, poor, and tax-ridden; unaccustomed to the communication of thought; without strong class feeling, without social aspirations, without political franchises; bred under laws which had for centuries made it a crime to combine to raise wages or shorten the hours of labor, which forbade the emigration of artisans and practically arrested the movement of agricultural labor to its best market, the working classes of the England of Ricardo and James Mill possessed but slight qualifications for asserting their own interests, positively, aggressively, pertinaciously, in the distribution of wealth. By consequence, not because the system to which I have applied the term, the Trusteeship of Capital, worked well, for it did not; not because the results were not always bad and often as hideous as any of the fruits of the old régime in politics, for they were; but simply because the constituencies which could alone have rendered democracy in industry possible did

not exist, the working classes were practically compelled to take whatever should be offered them in the market for labor.

What a change since then! And what a marvelous history it is which comprises the causes of that change in the character and condition of the working classes of England! The State establishment of saving banks; the abatement and final removal of the tax on newspapers; the repeal of the Combinations acts, and the fierce series of industrial battles which followed the legal recognition of the right of working men to have something to say about their wages and the conditions of their employment; the first reform-bill; the institution of Friendly Societies; the mighty Corn Law debate; the Chartist agitation; the extensive formation and deep foundation of Trade Unions; the remarkable series of parliamentary and royal commissions to inquire into the conditions of trade and industry; organized migration within and emigration from the Kingdom, and finally, free public education: these are among the forces which have moved upon the minds of the working classes of England to qualify them for industrial life.

In all these ways it has come about that the French of the present generation do not so widely differ in their political aptitudes and capabilities from the people whom Tocqueville and Blanqui described, the wretched victims of the old régime, as do the English workmen of to-day, in their economic character, from the ignorant, inert, squalid and hopeless masses of labor whom Ricardo and James Mill had in view.

This it was that I had in mind when I said that, at the very time when the political economists first set themselves seriously to study human nature, for the

purposes of their treatment of the distribution of wealth, that nature itself was undergoing a profound and pervasive change on its economic side.

I shall ask your consideration of but one other cause which has added to the force of the economic movement in these days; and that is the scientific spirit now so widely spread abroad, inducing a more careful observation of phenomena, and assisting to a sounder interpretation of facts and statistics. Perhaps the influence of this cause will best be shown by an example.

In 1872, Mr. David A. Wells, one of the ablest economic statisticians whom this country has produced, made a report, as chairman of the Tax Commission of the State of New York, in which he said:

“All taxes equate and diffuse themselves; and, if levied, with certainty and uniformity, upon tangible property and fixed signs of property, they will, by a diffusion and repercussion, reach and burden all visible and also all invisible and intangible property with unerring certainty and equality.”

Again, in 1874, Mr. Wells, in presenting to the American Social Science Association the general results of his work, said:

“Taxation diffuses itself; and by laws which it is beyond the power of man to contravene. \* \* \* \*  
If they [taxes] are assessed primarily upon Mr. Astor, he adds them to his rents; if upon Mr. Stewart, to his goods; upon Mr. Vanderbilt, to the price of his capital, whether sold upon the street or invested in railways; and so, being reflected as it were to infinity or from reflection to reflection, they eventually become an integral part of the prices of all things.”

In such a view of taxation, how simple the problem of the economist! how easy the work of the legislator! To the equities of public contribution, to the industrial prosperity of the community, to the welfare of the very poor, it makes no difference what are the subjects taken for imposition or where the burden falls.

Would it be possible, I ask, for any intelligent person at the present time to take up and dispose of the question of taxation in such a fashion? That sort of economic reason has not only passed away, under the influence of the scientific spirit of the age, but it has already drifted back to what seems an interminable distance. To-day the ablest American representative of the English school declares that taxes, indeed, diffuse themselves, but it is "along the lines of least resistance." How tremendous the difference between the two statements! How significant that phrase, "least resistance!"

What a story it tells of individuals and classes who are at a disadvantage in the unceasing struggle over the product of industry; pressed down by a competition to which they are not equal; disabled by poverty, ignorance, debt and fear, from resorting to their best market; kept fast in their place, to be cheated in quality, quantity and price on everything they have to buy, and, for their wages, compelled to take whatever may be offered them, at the mercy of middlemen, slaves to creditors, perhaps the wretched prisoners of the "sweating den!"

What a weight of responsibility does this latter view of taxation, conceived in the true spirit of modern science, cast upon the legislator, in determining the proper subjects of imposition and the



classes upon which fiscal burdens shall first fall! What a work is laid out for the economist, as, with all his senses alert, his very soul in strain, he sounds and tests the public body, to detect indications of failing resistance to fiscal pressure! What revelations of weakness and of danger to the state may not thereby be given to the faithful legislator! What suggestions, of priceless value to the educator, may not come from economic investigations undertaken in this spirit and carried on by the methods of modern science!

Fellow-members, such, according to my fallible judgment and very imperfect knowledge, are the principal causes of the remarkable economic movement of the past few years. That movement itself does not require to be proven. A bay, one-half whose spaces lie bare and baking in the sun, does not more differ in aspect from that bay, when the sea comes rolling in, filling it full of boisterous life, and beating with angry roar upon the rocks which close it round, than does the economic world of a few years ago differ from that which we look out upon to-day.<sup>1</sup>

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<sup>1</sup>For the order of exercises at this opening session *see* pages 60-61.